

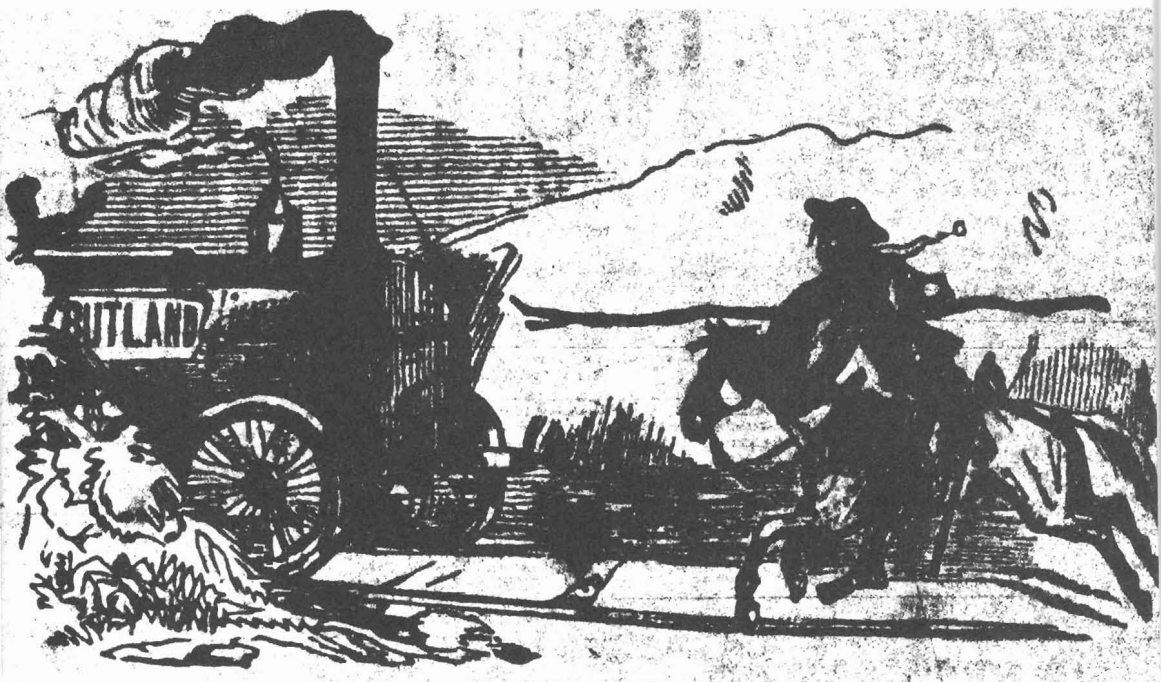
RUTLAND HISTORICAL SOCIETY

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THE RUTLAND RAILROAD



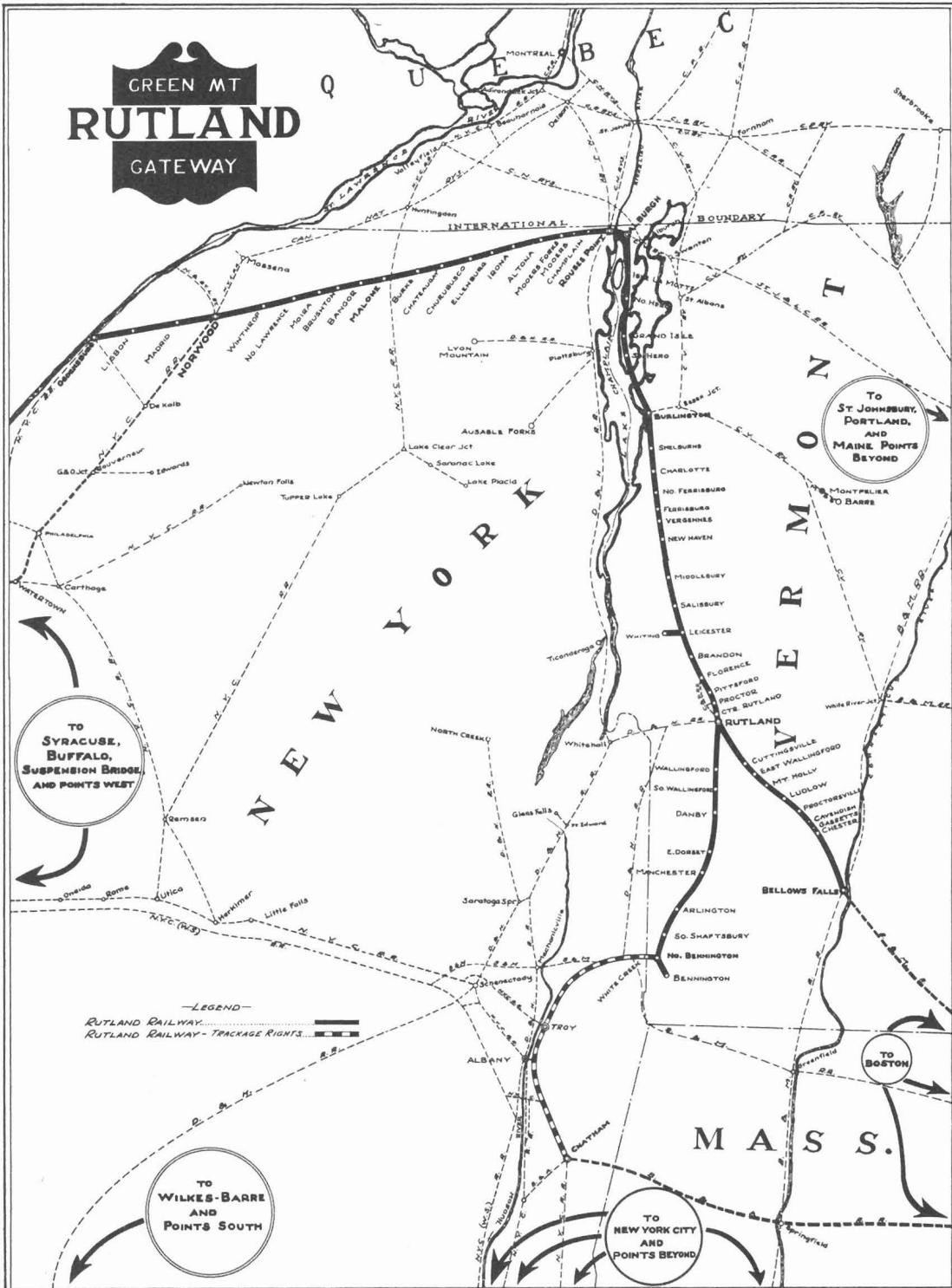
Vermont State Library

THE LAST "DON QUIXOTE."

.... Our purpose in presenting this engraving to our readers, is simply to illustrate *folly*.... to say nothing of the danger of any further opposition to the 'Rutland Railroad'. And if there are any among us who from sectional or personal feeling, still feel a disposition to manifest an opposition to the advancement of this great enterprise.... if there are any who yet lack faith in the belief that the 'cars are coming'.... to all such we would say look at the above, and take heed! The snort of the dreaded monster is already heard... the 'bell is ringing'.... and if you won't do 'anything else'.... in all conscience, for your own safety, '*clear the track*'.

Rutland Daily Herald
December 3, 1846

GREEN MT
RUTLAND
GATEWAY



This map shows the fullest extent of the Rutland Railroad from Bennington in the south to Rouses Point in the north and to Ogdensburg in the west.

The Rise And Abrupt Fall Of The Rutland Railroad

By Frank Kyper

The longest railroad strike of modern times — and probably of all time — up to that time lasted from September 25, 1961, to June 28, 1963. The 21-month shutdown contributed to financial reverses for four operating labor unions, the defeat of one state governor, the shakeup of the economy of the State of Vermont, and the death as a common carrier of the Rutland Railway Corporation.

The events leading to the demise of Vermont's once-durable Green Mountain Gateway are unique in railroad history. Never before had a Class I carrier fallen so rapidly and unexpectedly from a sound and solvent financial position to one of rust, tall weeds, and disuse.

The most startling aspect of the situation was that it occurred during a period when the twice-bankrupt carrier was in the soundest financial shape in which it had ever been. The Rutland and its predecessor companies had experienced its ups and downs before, which had included two extended periods of receivership and several very real threats of dismantling. Only when it was least expected did the end come.

Many of the Rutland's difficulties date back to the time when the first rails were spiked between Bellows Falls and Burlington in 1849. The Rutland & Burlington Railroad — as it was first christened — was at a disadvantage from the very start. From the opening day, bridge traffic* virtually meant the life or death of the railroad, part of a linkage between Boston and Montreal. While the R&B had been built with financial assistance from the Fitchburg and Cheshire Railroads (Boston to Bellows Falls), a combination of Northern Railroad of New Hampshire (Boston to White River Junction) and Canadian money had gone into building the Vermont Central Railroad across the northern section of the Green Mountain State. Since the Rutland could not afford to go beyond Burlington on its own, it extracted a promise from the VC to run through Burlington and provide the remainder of the Montreal route for the former line, (Rutland).

But when the VC actually commenced laying rails near Burlington, it neatly sidestepped the city and built its line eight miles to the east, establishing a dismal station later called Essex Junction. The Rutland & Burlington was left stranded and had to ferry its shipments across Lake Champlain — which prevented through shipments in winter months when the body of water was frozen — while the Vermont Central had a direct all-weather rail route into Montreal. Although it was operating at a profit, the R&B was unable to keep the money coming in fast enough to satisfy the mortgage holders. They foreclosed in 1853.

The Rutland Railroad Company emerged from the corporate maneuverings four years later. Although the financial position of the line was far from sound, the promoters realized that the only way for the Rutland to become a healthy financial specimen was to spread out and acquire additional trackage to further insure its bridge routes. With this in mind, efforts were made to extend both ends of the railroad. South of Bellows Falls, trackage was acquired by absorbing other railroads all the way to Grout's Corner (now Millers Falls), Massachusetts.



**"Bridge traffic" is a railroad term, whereby a railroad uses part of another railroad's line to "bridge" or connect with other railroads toward a final destination. Bridge traffic was a good source of revenue for The Rutland Railroad.*

The big push was in the northward extension toward Montreal. A line was threaded around the south end of Lake Champlain, completed trackage was acquired as far as Port Henry in 1871, and an additional unconnected railroad just below the Canadian border was purchased. The Vermont Central suddenly realized with alarm that the backwoods Rutland was about to obtain an all-weather, round-the-lake route to Canada. Even worse, it already had control of the tracks the VC hoped to use on its Connecticut River line south of Bellows Falls. John G. Smith, chief executive of the Vermont Central, hastily offered President John B. Page of the financially-strained Rutland to lease the latter railroad for 20 years. Page, who was beginning to have serious monetary worries, readily accepted. The lease became retroactive to January 1, 1871, and the Rutland's corporate identity was submerged. Twenty years later, the lease was extended for 999 years.

Within six more years, the VC, now reorganized as the Central Vermont Railroad (it later became Railway), decided it could have its cake and eat it too. The CV terminated the lease of the Rutland Railroad on May 7, 1896, making certain to retain the track south of Bellows Falls. The Central later sold the 24 miles of Bellows Falls-Brattleboro trackage to the Boston & Maine Railroad, and today, both B&M and CV freight trains pound over these rails.

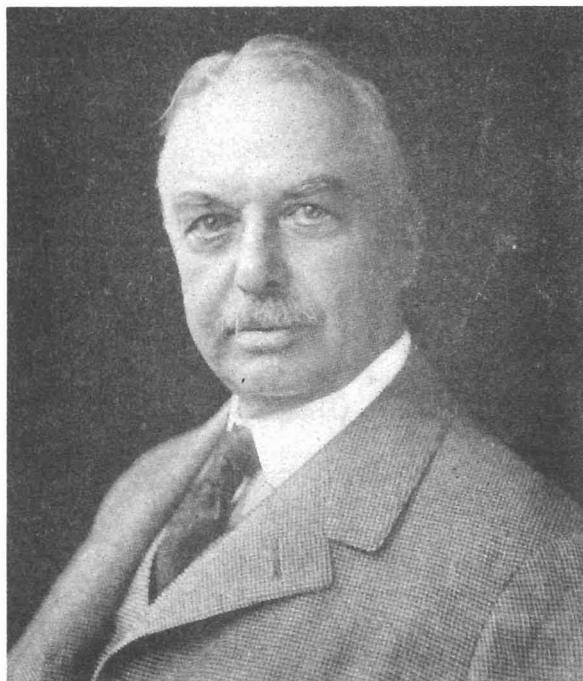
The CV took extra precautions to protect its exclusive Boston-Montreal route. The Rutland was allowed to retain its trackage running around the south tip of Lake Champlain, but the line up the west side of the lake was sold to the Delaware & Hudson Railroad. Only then did they release their grip on the Rutland Railroad, feeling certain that they had sufficiently crippled the financially-shaky road by reducing it to a Burlington-Rutland-Bellows Falls line to remove any danger of competition. But the CV had failed to reckon with Percival W. Clement.

Native son Clement had inherited some Rutland stock and the nominal position of president of the railroad when his father died in 1888. He proceeded to purchase additional Rutland stock that had fallen into Delaware & Hudson hands for \$50 a share. When the CV lease was terminated, he scraped together a small fortune and set out to revive two dreams of Rutland promoters that had been long sidetracked — a Montreal-to-Boston route and a line to Ogdensburg, New York.

Percival Clement commenced by throwing the Rutland tracks across Lake Champlain — lengthwise — to Rouses Point, New York, in 1899. Long stone causeways with drawbridges were built between the three islands in the lake, South Hero, Grand Isle and North Hero, a unique — and expensive — construction feat in the days before the Key West line overshadowed it. Upon reaching Rouses Point, Clement completed the Ogdensburg dream by snapping up the Ogdensburg & Lake Champlain Railway. The road also acquired eight wooden steam boats that churned the St. Lawrence River, Lake Ontario, Lake Erie and Lake Michigan.

Turning south, the wily Clement purchased the Bennington & Rutland Railway, running south out of Rutland, and the Chatham & Lebanon Valley Railroad. These two shrewd moves threw open a direct route to New York City via a connection with the Harlem River Division of the New York Central Railroad at Chatham, New York. The City of Rutland, well-established as the second largest municipality in the state, was now the nucleus of a 325-mile system stretching from the Connecticut River across northern New York state and down into southern New York.

Percival Clement had forged impressive links in both the Montreal-New York and Montreal-Boston routes with Rutland, Vermont, as their axis. But he had also poured a lot of money into a still-unprofitable railroad system. However, Clement was soon able to sell the Rutland at a reported million-dollar (a 1902 million at that!) profit, and go on to buy the *Rutland Daily Herald* and eventually attain the Vermont governorship.



Rutland Free Library

Percival W. Clement — president of the Rutland Railroad, 1888-1902. Under his leadership he had causeways and drawbridges built connecting the islands in Lake Champlain for an overland route to Odgensburg. Clement forged impressive links in Montreal - New York - Boston routes with Rutland as their axis.

The answer to Clement's prayers was Dr. William Seward Webb, son of New York publisher J. Watson Webb. Webb had a considerable amount of money, and had further enhanced his social and financial position by marrying a daughter of William H. Vanderbilt, the president of a money mill named the New York Central & Hudson River Railroad.

Vanderbilt had made his son-in-law president of the NYC-controlled Wagner Palace Car Company in 1883 and of several small New York state railroads. He built the Mohawk & Malone, an important New York Central line to the northern part of the state until its partial abandonment a half dozen years ago, (1962).

Despite wealth and the proper in-laws, Webb had one unsatisfied desire that neither money nor power could buy — he wanted to be the governor of a state. This was a period when railroad president and governor were synonymous titles in many states. When the New York politicians gave him the cold shoulder, he proceeded to spruce up his summer home in Shelburne, Vermont, and buy heavily into Rutland Railroad stock.

As soon as Clement discovered what was going on, he contacted Webb and proceeded to unload his Rutland holdings for as high as \$106 a share. W. Seward Webb ascended to the Rutland president's seat on May 1, 1902, but never managed to attain the much more coveted chair in Montpelier (he ran and lost).

Webb brought with him to the Rutland a diminutive jewel of a piece of motive power — a 4-4-0 inspection locomotive built in 1896 for use on the St. Lawrence & Adirondack Railway. The Ne-Ha-Sa-Ne — not an Indian name but an anagram of four stations on the St. Lawrence road — had a long observation cab that extended out over the boiler. She could go like the wind by herself, but would bog down when anything was coupled onto her. She was No. 10 on the St. Lawrence, and was first No. 33 and then No. 99 on the Rutland. Although officially retired in the mid-1930s, the locomotive reportedly survived as a rusting hulk in a shed until just after World War II, when she was finally cut up for scrap. Just a few years later, the drive to start steam locomotive museums was getting into high gear.

Webb's administration of the Rutland lasted a mere two and a half years. In early 1905, the stock was taken over by the New York Central. Six years later, the New Haven Railroad took a half-interest in the Rutland in exchange for the Central obtaining a half-interest in the New Haven-controlled New York, Ontario & Western. Despite the fifty-fifty split with the New Haven, the Central continued to dominate the Rutland by virtue of being physically connected to it. New York Central trains ran through to Montreal over what amounted to their own tracks.

The Rutland now had its gateway to Montreal and a sugar daddy named the New York Central to back it up financially. But the railroad was soon afflicted with a series of bad breaks which drained its meager financial strength.

In 1916, the Panama Canal Act decreed that railroads could not own other forms of shipping parallel to their lines. Since the Rutland was considered a part of the New York Central, the profitable Great Lakes steamer operations out of Ogdensburg had to be abruptly terminated. The operation of the Rutland by the United States Railroad Administration from December 28, 1917, to March 1, 1920, was a further blow to the railroad. The Rutland attempted to operate a bus line between Bennington and Chatham when rail passenger service over the line was terminated in late 1925. The buses ground to a halt six years later after a generous amount of red ink had been scattered over the books.

Vermont was struck below the belt by the torrential rain storm and flood of November 2-4, 1927, the worst in the state's history. The Rutland was sent reeling from 356 separate washouts — totalling over 17 miles of track — and many additional miles were covered by slides. Many bridges were washed away. The line managed to pull itself back into operating shape by the 21st, but not before spending \$750,000 and losing an estimated \$285,000 in business during the period. Up north, the Central Vermont was so badly hit that it went into a receivership on November 5, even before the rains stopped falling.

The New York Central and New Haven officials began to wonder how far behind the CV the Rutland was — and started to pull up their financial stakes. Control of the Rutland drifted back to the native Vermonters. The depression did the rest. The receivership plunge came on May 5, 1938.

The Federal courts took 12 long years to thrash over the Rutland's second entry under Section 77. But for the intervention of W. Seward Webb and the New York Central and New Haven Railroads, would the Rutland have survived as long as it did? The answer would never be known, but it was justifiably questioned how long the railroad could have survived by itself. As an independent concern, most of the equipment was so old that the line was almost an operating museum. With the exception of four 174-ton 4-8-2's purchased in 1946 from Alco, most of the Rutland motive power and equipment was over 30 years old.



Proctor station during the flood of 1927.



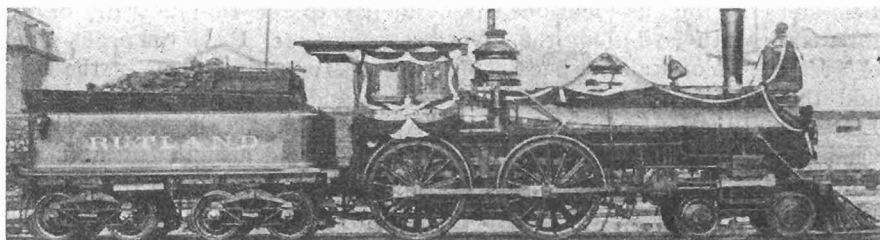
It was not until World War II that the road's important link between the ocean and the lakes kicked it up the stairs to solvency. But the courts and the ICC were still reluctant to turn the railroad loose on its own. The Rutland would never be a highly profitable line. To hold profits down, it still had the century-old competition with the Central Vermont, which by then was completely owned by a rich uncle called the Dominion of Canada. (Canadian National). Besides, northwestern New England was never an exceptionally dense rail shipping lane.

There was only one way that anybody could readily make money out of the Rutland — to vulture it for scrap. That was precisely what the ICC was worried about.

The courts reluctantly released the railroad — renamed the Rutland Railway Corporation — on November 1, 1950, with two stipulations. For five years, the railroad would not be managed by its stockholders, but by six court-appointed trustees. The trustees were responsible directly to the court and the ICC. This was to prevent unauthorized cannibalization of the railroad. Also, the trustees were instructed to amass a cash reserve instead of paying dividends.

The trustees first endeavored to find an experienced railroad executive to run the line. Lewis A. Putnam, who later served as the president of the St. Johnsbury & Lamoille County Railroad, was chosen as chairman of the board and chief executive officer. They elected Lawrence Richardson, a long-time executive of the Boston & Maine Railroad, president of the Rutland. The Rutland's method of paying Richardson is perhaps unique for a railroad chief executive. Since the B&M had a long-term contract with Richardson, the Rutland had to pay the Boston road a "rental" fee for him, and the B&M in turn paid Richardson his salary.

A gigantic task faced the trustees in modernizing the line. No new rolling stock had been acquired since 1924, and the cars in use were rapidly approaching the point of necessary replacement. Most of the steam engines had been around equally as long. Orders were placed with Alco in early 1951, and within several months, 10 new diesels were thundering over the rails. Five additional units were soon added, and the steamers quickly vanished. A majority of the ties were over 25 years old, and replacements had to be made. Unnecessary facilities had to be eliminated. The Bennington-Chatham branch, which produced very little on-line business, was abandoned in late 1952, and trackage rights to Chatham were obtained over the B&M and Boston & Albany Railroads. With typical Yankee frugality, the Rutland salvaged whatever it could from the abandonment for reuse or conversion to cash. Even the cinders in the roadbed were sold to a cinder block manufacturer!

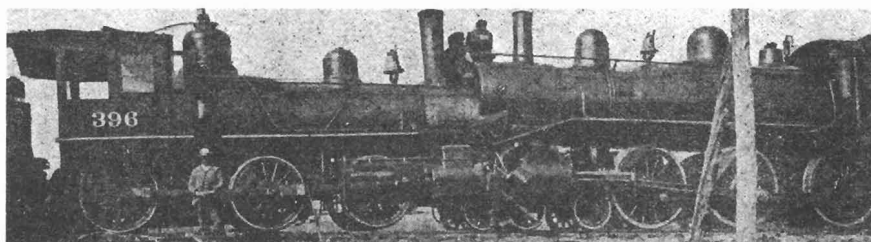


But the Rutland was beginning to have labor difficulties, a decisive factor in its eventual demise. The road was struck by its non-operating employees from June 26 to July 15, 1953. Every effort was made to get the trains running again as soon as possible. When the trains started rolling again, the railroad decided not to resume passenger operations. A new passenger timetable was issued, but the trains were annulled on a day-to-day basis until the New York and Vermont regulatory bodies agreed to make the suspension permanent. The road had taken advantage of an excellent opportunity to eliminate an estimated \$500,000 yearly loss. The line had just completely refurbished several coaches it had purchased from the Baltimore & Ohio, but they never saw service on the Rutland.

But the Rutland was still a long way from disposing of its red ink. Losses in 1951 totaled \$205,097, and in 1952 were \$108,765. The \$95,794 loss in 1953 was blamed on the 19-day strike. But expenses were being cut down as fast as possible. Immediately on the heels of the banishment of the exceptionally unprofitable passenger service, the old coach shop building in Rutland was rebuilt into a new railroad office building. The old company offices, which had been ringing up a \$10,000 annual rental bill by being scattered all over the city, were consolidated in the reconditioned building. The site of the former passenger depot was sold to the City of Rutland for \$150,000. Employment costs were kept down by the elimination of almost 40 per cent of the working force in the first three years. By an agreement with the operating unions, wages were \$200,000 substandard to the National Wage Pattern.

Lawrence Richardson retired as the Rutland's president in 1953, and was replaced by Gardner A. Caverly of Ascutney, a financier who had gradually drifted into railroading. By July of the following year, the first new box cars in 30 years appeared on the railroad. A total of 351 of the flashy yellow and green PS-1 steel cars appeared within the next three years, and were soon completely paid for. A Jordan Spreader, 15 steel hopper cars, 25 gondolas and two new cabooses rounded out the purchases.

Following a \$122,911 deficit in 1954, the Rutland suddenly swung \$272,198 into the black in the following year. The year's profit spiraled to \$452,806 in 1956, a dizzying height for such a small and formerly impoverished railroad. The Rutland was really pulling itself up by its own bootstraps, aided in no small way by the St. Lawrence Seaway project. It was also a period of wide prosperity for the entire American railroad industry. The operating ratio had been pushed down to an almost-utopian 81.48 per cent.



The six-man Rutland trusteeship ended in 1955, and control of the railroad reverted back to the stockholders. Since most of the trustees were already stockholders in the company, little change was noted in the operating policies. But behind the scenes, stock was beginning to change hands.

The American railroad industry was starting to sit up and take notice of the once-antiquated Rutland. Regional sales offices in Rutland, Boston, Chicago, Cincinnati, New York and Detroit were rapidly supplemented by additional offices in Portland, Maine; Kansas City and St. Louis, Missouri; and Seattle, Washington, in 1956. A house organ, the *Rutland Newsliner*, appeared bimonthly, devoted to happenings on the line and promoting the railroad. An aggressive national advertising campaign was undertaken to obtain additional bridge traffic — the lifeblood of the company — emphasizing the Rutland's gigantic clearances and heavy-duty hauling capacity. An issue of *Modern Railroads* headlined its lead article, "Rutland: Green Mountain Miracle", and *Railroad Magazine* was not far behind in showering its praises on the rejuvenated common carrier.

Financially, the Rutland was still struggling uphill. Despite the profits, the corporation was still obligated to transfer some of its earnings to an account to pay off some of the accumulated deficits of the old Rutland Railroad Company. In addition, preferred stock dividends were 15 per cent in arrears, the maximum amount allowed by the articles of incorporation, which totalled a staggering \$747,270. This was later reduced by almost \$50,000 by the Rutland buying some of its own preferred stock. The Rutland was also amassing the surplus funds from its annual profits as required by the ICC and was paying off its equipment purchase bonds. The railroad had no other outstanding debts.

Gardner Caverly, the Rutland's super-salesman president, resigned to become the executive vice-president of the New England Council on February 1, 1957. Replacing him was a 32-year Rutland veteran, Alan T. Danver. Danver had been the Rutland's chief engineer for years, and had moved up to corporation clerk and treasurer under the new company. Rutland Railway profits for 1957 totalled \$299,020 and for 1958 was \$155,027. A definite decline in revenues, not only on the Rutland but on virtually every railroad in the northeast, was starting to set in. Also, the St. Lawrence Seaway construction was drawing to a close. This came with a jolt when the Rutland cleared a paltry \$46,254 in 1959. The operating ratio had shot up close to 10 per cent in just three short years, ringing-in at a dangerous 91 per cent.

In early 1959, the Rutland decided it was about time it purchased some new cabooses. As Alan Danver put it, "I had decided we needed at least one new caboose. But with earnings declining, I was skeptical if the directors would be too anxious to approve the purchase. So I went in and asked for two cabooses, feeling certain I would end up with one. Darned if they didn't approve the *two* cabooses!"

With the 391-mile railroad's income steadily tumbling, a new executive settled into the Rutland's presidential chair. Alan Danver resigned in mid-1959, and was replaced by his executive vice president William I. Ginsburg. Ginsburg was a financier who had amassed no small fortune in Rutland and Glens Falls, New York, over the past 30 years. He had started a dry goods establishment in Rutland in the precarious year of 1929, and built it into the largest department store in the state before selling it to a New York chain in the mid-1950s. He had acquired control of the massive Hotel Bardwell, overlooking the railroad station, by marriage, and also subsequently obtained title to the other large hotel in the city. He had backed a number of local businesses, and owned a considerable number of buildings in the heart of Rutland.

When the Rutland had emerged from bankruptcy in late 1950, Ginsburg had enough holdings in the railroad to become a trustee and one of the directors. Later on, he attained a vice presidency. By the time Danver decided to retire, Ginsburg had enough holdings in the railroad, supplemented with holdings of his friends, so he was able to move in as the Rutland chief executive.

Justly or unjustly, many of the difficulties that led to the final demise of the Rutland have been blamed on William I. Ginsburg. The operating brotherhoods were especially vocal in their criticism of him, and, to a lesser extent, of his business associates on the railroad's board of directors. Public officials, shippers and the general public were also critical. Whether this was entirely justified is questionable. Certainly more than one man or one group of men contributed to the railroad's downfall as a common carrier. Yet, why any financier almost completely inexperienced in railroad operation and management, and used to a much higher profit level, would want to purchase a commanding interest in a railroad — especially at a time when it was hardly making any money — and just reap the profits obtainable from common carrier operations is a little difficult to understand.

Once in office, Ginsburg lost no time in paring down expenses as much as he could. The first thing to go was the *Ethan Allen*, the Rutland's wooden private car, which had earned its niche in American history not once, but twice. Some historians place it in the special New York Central Railroad train that rushed Vice President Theodore Roosevelt from his Adirondack Mountains vacation to Washington, only to have the assassinated President McKinley die before he arrived. Twenty-two years later, President Calvin Coolidge, who had been sworn in as President by his father over a flickering kerosene lamp several days before, came down from Plymouth Notch to Rutland, and returned to Washington in the *Ethan Allen*. The car went to a pulpwood manufacturer in Nova Scotia for service as a office car. Within the year, the late F. Nelson Blount came rambling up the track looking for pieces of antique railroad equipment to round out his collection of steam locomotives at Bellows Falls.

Other cuts — more important in terms of the money saved — were made. Properties were sold, stations were closed, and trains were consolidated. Studies were instituted toward establishing piggy-back service on the Rutland, delayed for years because of close clearances on connecting railroads.

In the 1959 annual report, Ginsburg echoed the featherbedding charge that other railroad managements had been making for years. Then, effective September 16, 1960, he abolished train crews' home terminals at Malone and Norwood, New York. The four operating unions promptly yelled foul and walked out.

Big Strike II dragged out for the next 45 days. State officials and industry leaders displayed indecision and a lack of solidarity which was to display itself again a year later. Albert Cree, president of the Central Vermont Public Service Corporation, the state's electric supplier, started to talk vaguely about "public responsibility". The Vermont Public Service Commission hinted strongly that the ICC should investigate the Rutland's management and operations. The state even attempted to have the railroad declared in receivership, so the state highway commissioner could act as receiver. Meanwhile, the Rutland president sat pat on demands from labor for a return to the status quo pending arbitration and demands from state officials and businessmen to get the road running.

The Federal judge who turned down the state's seizure plan also handed down an injunction declaring the strike illegal, and a minor dispute under the Railway Labor Act. The trains finally started running again, but the railroad promptly sought to obtain almost \$950,000 in cash advances, tax deferrals and other relief. There was no doubt that the whole affair could have been avoided.

The Rutland closed out 1960 \$306,376 in the red. Despite statements by the Rutland chief executive that 1961 would be a year of promise, employee morale on the railroad was non-existent and business was not improving as rapidly as desired. Also, the time was approaching for the renewal of the labor contract. Ginsburg, claiming a tight financial position, was asking deferrals of almost \$700,000 in taxes owed to the state.

The ultimate collision between labor and management was sudden — but hardly unexpected. In mid-September, the unions made their request for pay raises in line with requests made to railroads throughout the country. In what appeared to be a retaliatory act, Ginsburg immediately cut employee salaries an average of \$1.52 a day or 19 cents an hour. The four unions — apparently without asking any questions or attempting to obtain an injunction against the cuts — promptly marched out on strike on September 25. Almost 400 people were out of work. Big Strike III was on in earnest.

The months that followed were a monument to indecision, second thoughts and the inability of various forces to unite. Vermont's governor at the time, F. Ray Keyser Jr., youngest state chief executive in the nation, promptly turned U.S. Secretary of Labor Arthur Goldberg loose on the Rutland. Goldberg declared the Rutland strike to be no less important than the recently-settled Metropolitan Opera dispute — a statement of questionable pertinence — and then sent one of his Federal mediators to Rutland. The mediator first attempted to have both sides agree to binding arbitration, thus having the trains running just as they were before the strike started, pending a final agreement. The unions promptly agreed to go along. Bill Ginsburg turned the offer down flatly.

The Federal mediator was later able to have the railway agree to pay the national pattern wages, but an impasse was met over work rules. The unions were adamant in their demands that management not be given full control in deciding whether or not to maintain home terminals and seniority districts. Meanwhile, Governor Keyser had failed in a repeat of his effort to have the line declared in receivership so the state could take it over. By this time, two and a half months had drifted by.

Then, on December 4, the railroad applied to the ICC for permission to abandon the entire 392 miles of railroad. The board of directors had voted to take this action on October 23, but for some reason it had been held up for over a month. As an interesting sidelight, the membership of the board had changed considerably from the days of the Caverly presidency of only a few years before, and now a majority comprised Ginsburg's business associates and even members of his family. Surprisingly, the industries located along the Rutland were far from as vocal as would be expected under the circumstances. Many had freight cars from foreign roads stranded on their sidings and spurs.

The young governor of Vermont promptly engaged the New York consulting firm of Coverdale & Colpitts to make a survey of the Rutland for \$10,000. The *Rutland Daily Herald* started to criticize the Ginsburg administration editorially, pointing out that the railroad did not have one red cent of bonded indebtedness, and if abandoned, the stockholders could probably expect a tidy profit.

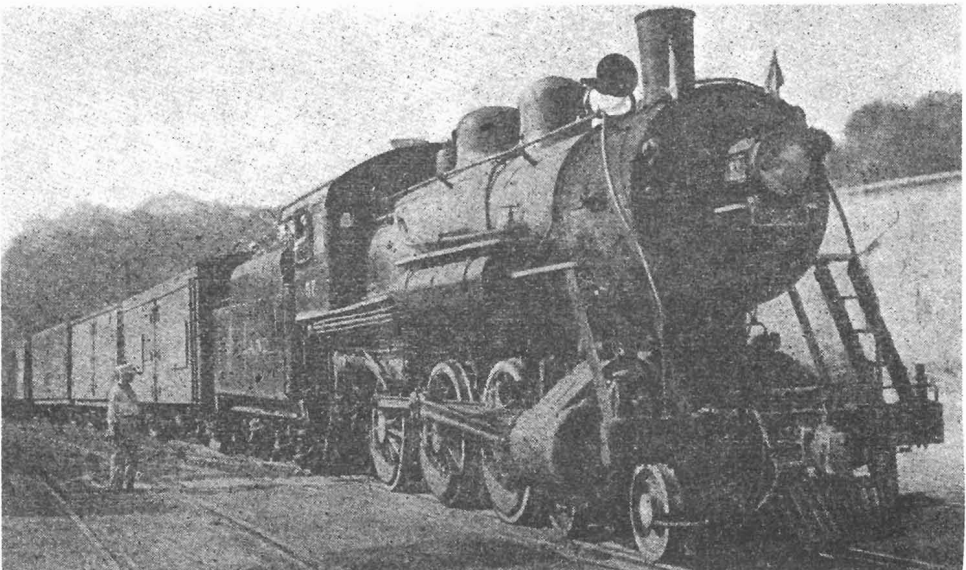
The Coverdale & Colpitts representatives rambled all over the Rutland's territory in compiling the report. The report was finally published on January 31, 1962, and it was a jolt to many. Instead of pointing out the contention of many that the Rutland was in the healthiest financial condition that it had been in years, the report painted the road as a marginal operation with business declining steadily since 1956. Despite the belief that the road would have made a profit in 1961 (it had been in the black for the first six months, but lost close to \$50,000 in July) but for the strike, it stated that the necessary bridge traffic was gone forever and the corporation could never survive as simply a terminal road for its on-line customers

under the current management and labor management. It recommended that three sections of the carrier in the state, the 27-mile Bellows Falls-Ludlow segment, the six-mile White Creek-Bennington section, and the 66-mile Rutland-Burlington main line be taken over by connecting railroads, and the remainder be torn up. The role of the so-called Ginsburg interests in the railway were minimized.

Governor Ray Keyser promptly got together with William Ginsburg and after several weeks of haggling, came up with a stipulation whereby the state would designate buyers for the three sections recommended in the report at what were claimed to be considerably below the regular salvage value. Just who determined the salvage values was never explained, but New England short-line owner Samuel Pinsly was quick to label the sums as grossly overinflated. Pinsly maintained that at salvage value, there was little demand for second hand rails, even for scrap.

Meanwhile, Albert Cree, the president of the Central Vermont Public Service Corporation, was making the rounds of local industries and urging them not to oppose the abandonment when the ICC hearings opened on March 22, 1962, on the grounds that it would only delay the time when another railroad would take over the tracks and resume operations. When the hearings did open, Donald Perkins, the young president of the world-famous Rutland Fire Clay Company, found himself standing almost alone in opposition to the abandonment. Other industries expressed only a desire to have rail service, not specifying how they received it. The City of Rutland expressed only token opposition. The loudest protests came from the unions.

Hearing examiner Clarence K. Young was quick to point out that the Rutland was showing a slight profit before the strike. He also emphasized that the stipulation between Ginsburg and Keyser provided no definite guarantee that any connecting lines would take over the service. The Boston & Maine, Central Vermont, and St. Johnsbury & Lamoille County displayed only passive interest in taking over portions of the line. Also, the fact that this was the first time that a railroad without any indebtedness had applied for abandonment was brought out. Hearings were held in Rutland and in Malone, New York.



The milk train. The road to New York City was an important route for shipping milk on a daily run.

After the hearings ended, Governor Keyser was unsuccessful in obtaining permission from the unions to operate switching service over the Rutland by connecting railroads to reach stranded industries until the situation was resolved. Keyser's withdrawal of the state's opposition to the abandonment had alienated labor.

However, the unions did permit a management-operated diesel to ramble over the rusty Rutland rails and remove all the foreign cars stranded on the line. Each car had been costing the Rutland \$2.88 a day from September 25, 1961, until removed in May and June, 1962. The following month, the Rutland cars which had been piling up at the interchange points where leased out to the Maine Central and Bangor & Aroostook Railroads, while the remaining cars out on other railroads were ordered to remain in circulation. With about 400 cars earning the railroad \$2.88 each — or a total of \$1,100 a day — and the Rutland also earning money by leasing a locomotive to the 18-mile Clarendon & Pittsford Railroad, and receiving switching charges for work performed by the Boston & Maine in the joint B&M-Rutland yards in Bellows Falls, it was suggested by *The Rutland Daily Herald* that the railway might be operating at a profit. The 1962 annual report, when it appeared, was too bogged down with the losses of the first half of the year to determine conclusively whether or not it was. However, the report did add \$307,688 to the loss column for "depreciation", strictly a paper loss. In all, the Rutland claimed to have lost \$569,561 in 1962.

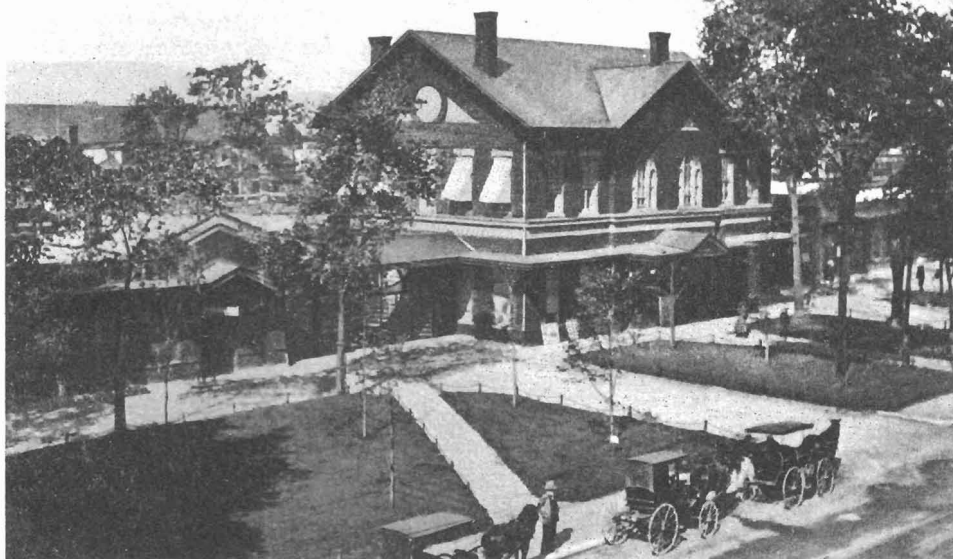
The ICC finally reported on September 21. It approved the abandonment application, citing that the railway had reached the point, after having been shut down for a year, whereby it could never recoup the losses in business incurred over the period. With 50 percent of the road's income dependent on bridge traffic — and virtually no hope of regaining it — the ICC stated it had no alternative but to grant the abandonment. Besides, the report continued, it appeared highly likely that sections of the railway would resume operations under other operators much sooner if the abandonment was expedited.

Thus, for all practical purposes, the Rutland Railway had been effectively killed within 361 days of operating at a miniscule profit. Although the corporation continued as a holding company — renamed the Rutland Corporation — which was able to reap some tax advantages from the losses of the old, pre-1950 Rutland Railroad Company, it had been the fastest railroad demise in history.

What happened next is incidental. Governor Keyser received his answer from the Vermont voters for, among other things, removing the state's opposition to the abandonment in November 6, 1962, when he was defeated by State Representative Philip H. Hoff, who had been the union's attorney in the 45-day 1961 strike. Significantly, Hoff was the first Democrat elected governor of the once-bedrock-Republican Green Mountain State in 102 years.

The four operating unions attempted to block the abandonment in a series of court contests, but were thwarted at every turn. Finally, they agreed to end their strike on June 28, 1963, in a meeting held in Albany, New York, in return for an agreement from the railroad to drop all court actions against the unions and pay a \$300,000 strike settlement. The unions also agreed to cease their opposition to the abandonment.

But it was not until the opening days of 1964 that trains again rumbled over the former Rutland rails. Governor Hoff had discovered what his predecessor had not addressed, namely that the connecting railroads were either too poor or just didn't want to take over and operate various sections of the Rutland. The Governor had to ask the Legislature for a \$2.5 million bond issue so the state could go out and pick up the pieces. The final bond authorization stipulated that the state could not run the railroad it had bought, but had to lease it out to other operators. Eventually, the Ogdensburg Port Authority picked up several miles of trackage in upper New York State, a newly formed Vermont Railway Corporation took over the



Rutland Railroad station about 1906. The area was known as Depot Park. The soil for the landscaping was brought from the Chicago stockyards. The seeded sod was also brought in from Chicago, approximately 950 yards. The price was about 15¢ per square yard.

line between White Creek and Burlington, and the rails from Bellows Falls to Rutland were leased to the late F. Nelson Blount, who owned the most spectacular "toy" train set in the world. The Vermont Railway was headed by former Middletown & New Jersey prexy, Jay L. Wulfson, then 33, and Blount named his segment the Green Mountain Railroad Corporation. The VRC purchased two of the Rutland's locomotives, and the Green Mountain one. Earlier, nine of the engines had gone to the Louisville & Nashville and one to the Clarendon & Pittsford.

And exactly what caused the abrupt termination of the common carrier existence of the Rutland Railway? In the end, it was a stubborn management pitted against an equally-stubborn labor, neither of which was willing to back down or even compromise. It was also a state governor who decided that his state would not oppose the abandonment petition. It was also the ICC, which for the first time in history allowed a railroad which had been making a small profit up until the time it was closed, and which did not have a red cent of bonded indebtedness, to be abandoned. And it cannot be neglected that the very inbred shaky borderline operation of the railway, whereby it could not survive for long without its bridge traffic, its ever-busy sales force scattered across the country, and its constant search for ways to reduce costs, did not permit survival after a shutdown for any extended period.

AUTHOR

Frank Kyper lives in Bedford, Massachusetts. He is a well-known rail historian and a professional magazine editor and writer. From 1966 to 1975 he was editor of *The Railroad Enthusiast*. "The Rise and Abrupt Fall of the Rutland Railroad" is a reprint of an article which appeared in the *Enthusiast* in 1968. In granting permission for its use by The Rutland Historical Society the author has updated the original article. Mr. Kyper was employed by the *Rutland Herald* during the summer of 1962 . . . at the height of the last strike. He was personally acquainted with Gardner Caverly, Alan Danver, William Ginsburg and other officers of the Rutland Railroad.

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